

STATE OF WASHINGTON  
DEPARTMENT OF FINANCIAL INSTITUTIONS  
SECURITIES DIVISION

IN THE MATTER OF DETERMINING ) S-02-271-03-SC01  
Whether there has been a violation of the )  
Securities Act of Washington by: ) STATEMENT OF CHARGES AND NOTICE  
OF INTENTION TO ENTER ORDER TO  
CEASE AND DESIST; NOTICE OF INTENT  
TO SUSPEND OR REVOKE SECURITIES  
SALESPERSON OR INVESTMENT  
ADVISER REPRESENTATIVE  
REGISTRATION; NOTICE OF INTENT TO  
SUSPEND, REVOKE, OR CONDITION  
BROKER-DEALER REGISTRATION; AND  
NOTICE OF INTENT TO IMPOSE FINES

Combined Agency, Inc.; Great  
Northern Financial Services, Inc.;  
Great Northern Financial Securities,  
Inc.; Ogren & Associates, Inc.;  
Dedicated Resources, Inc.; Robin  
Hood International, Ltd.; James Ady;  
Timothy Burke; Aaron Burns; Douglas  
Fry; Anthony Horpel; Larry Johnson;  
Roy Meyers; Carl Ogren; and Angelito  
Santos;

Respondents

THE STATE OF WASHINGTON TO: Combined Agency, Inc.; Great Northern  
Financial Services, Inc.; Great Northern  
Financial Securities, Inc.; Ogren &  
Associates, Inc.; Dedicated Resources, Inc.;  
Robin Hood International, Ltd.; James Ady;  
Timothy Burke; Aaron Burns; Douglas Fry;  
Anthony Horpel; Larry Johnson; Roy Meyers;  
Carl Ogren; and Angelito Santos

**STATEMENT OF CHARGES**

Please take notice that the Securities Administrator of the State of Washington has reason  
to believe that Respondents, Combined Agency, Inc.; Great Northern Financial Services, Inc.;  
Great Northern Financial Securities, Inc.; Ogren & Associates, Inc.; Dedicated Resources, Inc.;  
Robin Hood International, Ltd.; James Ady; Timothy Burke; Aaron Burns; Douglas Fry;

STATEMENT OF CHARGES AND NOTICE OF INTENTION  
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Securities Division  
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360-902-8760

1 Anthony Horpel; Larry Johnson; Roy Meyers; Carl Ogren; and Angelito Santos have each  
2 violated the Securities Act of Washington and that their violations justify the entry of an order of  
3 the Securities Administrator under RCW 21.20.390 against each to cease and desist from such  
4 violations. The Securities Administrator further believes that these violations justify the entry of  
5 an order against Respondents Timothy Burke, Aaron Burns, Douglas Fry, Anthony Horpel  
6 suspending or revoking their securities salesperson or investment adviser representative  
7 registrations and imposing fines pursuant to RCW 21.20.110. The Securities Division further  
8 believes that these violations by officers, directors, or persons performing a similar function for  
9 Great Northern Financial Securities, Inc. justify the entry of an order suspending, revoking, or  
10 conditioning the broker-dealer registration of that broker-dealer. The Securities Administrator  
11 finds as follows:

## 12 TENTATIVE FINDINGS OF FACT

### 13 PARTIES

#### 14 I.

15 Combined Agency, Inc. is a for-profit corporation incorporated in Washington in 1990  
16 with its principal place of business at 1213 S Pines Rd. Suite. A, Spokane, Washington 99206.  
17 James Ady is President of Combined Agency, Inc.  
18

#### 19 II.

20 Great Northern Financial Services, Inc. is a for-profit corporation incorporated in  
21 Washington in 1998. Until February 2002, Anthony Horpel was the sole owner of Great  
22 Northern Financial Services, Inc. In February 2002, Timothy Burke and Douglas Fry acquired  
23

ownership interests in Great Northern Financial Services, Inc. Horpel, Burke, and Fry each own between 25% and 50% of the shares of Great Northern Financial Services, Inc.

### III.

Great Northern Financial Securities, Inc., CRD 113054, is a Delaware corporation, which has been registered as a broker-dealer in Washington since August 2001. Great Northern Financial Services, Inc. owns 100% of Great Northern Financial Securities, Inc.

### IV.

Ogren & Associates, Inc. is an insurance agency with its principal place of business at 405 North Main, Colfax, Washington 99111. Carl Ogren is sole shareholder of Ogren & Associates, Inc.

### V.

Dedicated Resources, Inc. is a corporation with its principal office at 4723 West Atlantic Avenue Suite A2, Delray Beach, FL 33445. It filed for bankruptcy in November 2001. Michael Zadoff is the President of Dedicated Resources, Inc.

### VI.

Robin Hood International, Ltd. is a corporation doing business at 410 W 29<sup>th</sup> Ste 350, Pueblo, Colorado 81006. It has reorganized and is now doing business as Robin Hood Group, Inc. with its principal office at 14153 US Hwy 1, Juno Beach, FL 33408. Robin Hood Group, Inc. maintains a website with the address rhood.com. Jeannie Cook is principal of Robin Hood Group, Inc. She also operated Robin Hood International, Ltd.

### VII.

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James Ady, CRD 1699, is a Spokane resident and an insurance agent. He is the owner of the insurance agency Combined Agency, Inc. Ady has been registered as a securities salesperson in Washington for most of the last 20 years. During the time relevant to the events described in this summary order, he was registered in Washington as a salesperson for the broker-dealer Freedom Financial, Inc. from July 10, 2000 to April 1, 2002 and as a salesperson for Metropolitan Investment Securities, Inc. from October 12, 1998 through May 26, 1999.

#### VIII.

Timothy Burke, CRD 3111731, is a Spokane securities salesperson. Burke has been registered in Washington as a securities salesperson with Great Northern Financial Securities, Inc. since June 17, 2001. Burke is a general securities principal and a financial and operations principal for Great Northern Financial Securities, Inc., of which he is also vice president. From July 25, 2001 to July 16, 2002 he was registered in Washington as a securities salesperson for First Montauk Securities Corp. From October 13, 1998 to July 24, 2001 he was registered in Washington as a securities salesperson for Metropolitan Investment Securities, Inc.

#### IX.

Aaron Burns, CRD 1115482, is a Spokane insurance agent who does business through Aaron Burns Associates, Inc. Burns has been registered in Washington as an investment adviser representative for the investment adviser Xelan Financial Planning since January 13, 2002. He was registered in Washington as an investment adviser representative for Xelan Investment Services, Inc. from January 11, 2002 to January 15, 2003. He was registered in Washington as a securities salesperson for Metropolitan Investment Securities, Inc. from April 3, 2000 to

1 September 16, 2002 and from May 12, 1999 to November 24, 1999. Prior to that time, he was  
2 registered in Washington as a securities salesperson with a number of other broker-dealers.

3 X.

4 Douglas Fry, CRD 2511674, is a Spokane securities salesperson. Fry has been registered  
5 in Washington as a securities salesperson for Great Northern Financial Securities, Inc. since July  
6 30, 2002. Fry is president and supervising principal of Great Northern Financial Securities, Inc.  
7 Fry was registered in Washington as a securities salesperson for First Montauk Securities Corp.  
8 from June 22, 2001 to August 29, 2002. He was registered in Washington as a securities  
9 salesperson for Metropolitan Investment Securities, Inc. from February 5, 1998 to June 20, 2001.  
10 Before that, beginning in 1994, he was registered in Washington as a securities salesperson with  
11 various broker-dealers.  
12

13 XI.

14 Anthony Horpel, CRD 1941933, has been registered in Washington as a securities  
15 salesperson for Great Northern Financial Securities, Inc. since July 8, 2002. Horpel was  
16 registered in Washington as a securities salesperson for First Montauk Securities Corp. from July  
17 26, 2001 to August 6, 2002 and before that as a securities salesperson for Metropolitan  
18 Investment Securities, Inc. from February 5, 1998 to July 24, 2001. Before that, Horpel was  
19 registered in Washington as securities salesperson with various broker-dealers beginning in  
20 1989.  
21

22 XII.

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1 Larry Johnson is a Colville insurance agent. He does business under the name Larry  
2 Johnson & Associates.

3 XIII.

4 Roy J. Meyers is a former Washington state resident and insurance agent. He is now a  
5 resident of Alaska.

6 XIV.

7  
8 Carl M. Ogren ("Ogren") is an insurance salesman who is licensed to sell life and health  
9 insurance in the state of Washington. Ogren conducts business through his company, Ogren &  
10 Associates, Inc. Ogren & Associates, Inc. is a Washington corporation with its principal place of  
11 business located at 405 North Main Street in Colfax, Washington. Ogren & Associates, Inc. is  
12 owned and controlled by Carl Ogren.

13 XV.

14 Angelito Santos, CRD 2095663, is a Spokane insurance agent. He was employed by  
15 Metropolitan Investment Securities, Inc. from January 29, 1999 to February 1, 2001. He applied  
16 to be registered in Washington as a securities salesperson for Metropolitan Investment Securities,  
17 Inc. but was never granted registration because he never passed the required examinations.  
18 Santos was associated with Great Northern Financial Services, Inc.

19  
20 **NATURE OF THE OFFERING**

21 XVI.

22 Beginning in mid-1997 and continuing through at least February 2001, Combined  
23 Agency, Inc. sold approximately \$60 million of investments in viatical settlements. More than

1 \$5 million of those sales were made to Washington residents. The viatical settlement investments  
2 consisted of fractional interests in life insurance policies. These fractional interests were sold at  
3 a substantial discount from the face value of the policy. The amount of the discount was based on  
4 the life expectancy of the insured at the time of the sale. The purchaser of such an investment  
5 receives his or her interest in the life insurance policy on the death of the insured.

6  
7 The viatical settlement investments sold through Combined Agency, Inc. were offered  
8 through a number of companies. In May 1997, Combined Agency, Inc. began selling viatical  
9 settlement investments for Dedicated Resources, Inc. Combined Agency, Inc. was initially a  
10 subagent of Ruttenberg & Associates of Illinois (then a Dedicated Resources, Inc. agent) and  
11 later became a direct agent of Dedicated Resources, Inc. James Ady, president of Combined  
12 Agency, Inc., began to recruit acquaintances in the insurance business to sell viatical settlement  
13 investments through Combined Agency, Inc. Combined Agency, Inc. received a 10%  
14 commission on the sale of viatical settlement investments. It paid a commission of 6%-8% of  
15 the investment to the agent who made the sale. It retained the remainder of the commission.

16  
17 Dedicated Resources sold fractional interests in viatical settlement contracts through  
18 agents and subagents throughout the United States. It provided sales literature to its agents  
19 describing the program. Prospective investors were allowed to select the maturity term of the  
20 investment (predicted life expectancy of the viator) as part of the asset purchase agreement  
21 they entered into with Dedicated Resources, Inc. The promised total returns varied with the  
22 maturity term. The longer the maturity term selected, the higher the total return. The  
23 prospective investor was instructed to make his or her check payable to a trust account at

1 Comerica Bank. The prospective investor also had to sign a purchaser custody agreement to  
2 which the investor, Comerica Bank, and Dedicated Resources, Inc. were parties. The  
3 agreement provided for a transfer of funds to Dedicated Resources, Inc. when it gave  
4 Comerica Bank proof that Dedicated Resources, Inc. has submitted to the life insurance  
5 company a request for a change in ownership or assignment in the name of the investor or in  
6 the name of Dedicated Resources with the investor as a partial irrevocable beneficiary.  
7  
8 Dedicated Resources, Inc. selected an interest in an insurance policy with a matching maturity  
9 term and amount for the investor. Dedicated Resources, Inc. told investors that it conducted  
10 an extensive underwriting process to ensure investors the highest degree of safety.

11 Comerica was also to hold the premium reserve for the investor. Premium reserves were  
12 set up to cover the premiums for a period equal to one and a half times the lower end of the  
13 predicted life expectancy of the viator. In 1999, Comerica Bank resigned as custodian for the  
14 Dedicated Resources, Inc. accounts. Dedicated Resources, Inc. then formed a new company,  
15 Dedicated Trustees, Inc. to perform this function.

16 Although the custody agreement provided for assignment of whole policies to investors,  
17 the investments that were sold in Washington almost invariably were of fractional interests in  
18 policies. The premium reserves for many of the investments sold in Washington have been  
19 exhausted. The investors are receiving bills for premiums. Agents who sold Dedicated  
20 Resources viatical settlements to Washington residents have paid some of the bills, the  
21 investors have paid others. Investors have no way of knowing if the portions of the premiums  
22 other than the portion for which they are responsible have been paid. Investors have also had  
23



1 difficulties confirming that they in fact own any share in the insurance policies in which they  
2 supposedly invested. The insurance companies that issued the policies have told a number of  
3 investors that they are not the policyholders so are therefore not entitled to that information.  
4 Investors do not know the identities of the viators. The investors relied on periodic reports  
5 from Dedicated Resources, Inc. on the condition of the viator.

6  
7 Combined Agency, Inc. continued to sell viatical settlement investments for Dedicated  
8 Resources, Inc. until October 1999 when Dedicated Resources, Inc. stopped selling viatical  
9 settlement investments. Combined Agency, Inc. sold a total of \$4.4 million of Dedicated  
10 Resources, Inc. viatical settlement investments. The Washington agents who sold Dedicated  
11 Resources, Inc. viatical settlement investments for Combined Agency, Inc. were Anthony  
12 Horpel, who received \$12,299 in commissions representing approximately \$150,000 of such  
13 sales; Larry Johnson, who received \$17,354.87 in commissions representing approximately  
14 \$215,000 of such sales; and Carl Ogren, who received \$62,089.09 in commissions representing  
15 approximately \$775,000 in such sales.

16 In August 1997, Combined Agency, Inc. began selling viatical settlement investments for  
17 a second company: American Benefits Group, later known as Reliance Capital. On April 25,  
18 2002, the Securities Division entered a final order to cease and desist, S-02-242-02-FO02,  
19 against Paragon Capital Group, Inc. and Reliance Financial Group, Inc. in connection with sales  
20 of American Benefits Group/Reliance Capital viatical settlement investments made in  
21 Washington state. Combined Agency, Inc. made a total of \$20 million of sales of American  
22 Benefits Group/Reliance Capital viatical settlement investments. American Benefits  
23

1 Group/Reliance Capital offered two products. One was a standard viatical settlement investment  
2 product where the investor received payment only on the death of the insured. The other was a  
3 guaranteed product, where the investor was assured of a payout at a fixed rate regardless of  
4 whether the insured died at the time predicted. The guarantor was Reliance Capital, which  
5 purchased the insurance policy that was the subject of the viatical settlement investment. Most  
6 of the sales made through Combined Agency, Inc. were of the guaranteed product. The  
7 guaranteed product was referred to as the Reliance program.  
8

9 In the Reliance program, Reliance was to purchase each insurance policy from its owner  
10 at a discount to the policy's face value. The amount of the discount was to be negotiated  
11 between the parties and provides the source of funds used to pay the company, its sales agents,  
12 and the individual investors.  
13

14 Reliance and its agents were to perform all services necessary to create the viatical  
15 settlement on behalf of investors. First, they were to locate terminally ill individuals ("viators")  
16 who are covered by policies of life insurance. Reliance then was to determine whether each  
17 viator and insurance policy met precise medical and legal conditions ("underwriting criteria")  
18 established by the company for participation in a viatical settlement. The full set of these  
19 underwriting criteria was not disclosed to investors. Instead, investors had to rely upon the  
20 company to use its judgment and discretion to create a viatical settlement that is suitable for  
21 investment purposes.  
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23 Some of the Reliance underwriting criteria pertained to the financial condition of the  
24 insurance company that issued the policy. To be eligible for purchase, the company that issued

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1 the policy had to have at least a 'B' rating by A.M. Best or a similar ratings service. The policy  
2 also had to be in good standing and had to permit change of ownership and beneficiary  
3 designation.

4 After evaluating the terminally ill person's insurance policy, Reliance was to employ a  
5 medical doctor to diagnose the insured's condition and to estimate his or her life expectancy.  
6 The company used this information to establish the return, which will be paid to investors —  
7 30% for the Reliance Program and up to 56% with other investments options.

8 Washington agents for Combined Agency, Inc. who received commissions for selling  
9 American Benefits Group/Reliance Capital viatical settlements included Timothy Burke, who  
10 received \$3,187.35 in commissions representing approximately \$40,000 in such sales; Aaron  
11 Burns, who received \$5,558.01 in commissions representing approximately \$70,000 in such  
12 sales; Carl Ogren, who received \$12,482.37 in commissions representing approximately  
13 \$156,000 in such sales; Larry Johnson, who received \$12,688.31 in commissions representing  
14 approximately \$158,000 in such sales; and Anthony Horpel who received \$49,529 in  
15 commissions representing approximately \$619,000 in such sales. Combined Agency, Inc. and its  
16 agents continued to sell American Benefits Group/Reliance Capital viatical settlement  
17 investments through March 2000 when Reliance Capital ceased to offer such investments.  
18 Reliance, like Dedicated Resources, Inc. has since filed bankruptcy.

19 Combined Agency, Inc. entered into an agreement with Robin Hood International, Ltd. in  
20 March 1999 to sell the viatical settlement investments offered by the latter. Under the contract,  
21 Combined Agency, Inc. was required to make a minimum of \$1 million in sales of Robin Hood

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1 International, Ltd viatical settlement investment products each month. Combined Agency, Inc.  
2 met or exceeded this minimum sales volume every month. Robin Hood International, Ltd.  
3 offered two products, a standard viatical settlement investment product and a bonded viatical  
4 settlement investment product. With the bonded product, the investor was guaranteed a payout at  
5 the estimated life expectancy of the insured plus 90 days. The payout was backed by a  
6 performance bond issued by one of three bonding companies. At least one of these bonding  
7 companies was located offshore in the Cook Islands. About 95% of the sales made by Combined  
8 Agency, Inc. of the Robin Hood International, Ltd. viatical settlement investments were of the  
9 bonded product.  
10

11 Robin Hood International, Ltd. offered fractional interests in viatical settlements to  
12 members of the investing public through agents in Washington State and elsewhere. Potential  
13 investors are allowed to select the maturity date of the viatical settlement investments they  
14 wish to purchase. They are then asked to sign an agreement to purchase interest in a life  
15 insurance policy. This agreement states that:

16 The purchase of an interest in the proceeds of a life insurance policy does not  
17 constitute the purchase of a security as defined by the Securities Act of 1933, the  
18 Securities Act of 1934, or rules or regulations promulgated in accordance therewith.  
19 As such, the registration, disclosure and other requirements pertaining to said  
20 securities laws do not pertain to the transaction contemplated herein.

21 Investors purchasing viatical settlement investments from Robin Hood International,  
22 Ltd. were also asked to sign escrow agreements with Cornerstone Escrow Corporation of  
23 Pueblo, Colorado and to designate their representative for post closing activities such as  
24 tracking the medical condition of the viator, monitoring the premium payments to the

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1 insurance company, paying premiums from funds placed in trust for that purpose, and  
2 collecting the death benefit proceeds when the policy matures. Although investors are  
3 permitted to perform these activities themselves or to designate a representative to do so,  
4 almost all investors have chosen to enter into a trust agreement with Fewkes Management  
5 Corporation of North Palm Beach, Florida, which is recommended by Robin Hood  
6 International, Ltd. The principal of Fewkes Management Corporation, Kristan Fewkes, is  
7 now a vice president of Robin Hood Group, Inc. Some of the Washington residents who  
8 purchased viatical settlement investments were permitted to choose the policies in which they  
9 invested based on information provided by Robin Hood International, Ltd. to the sales agent.  
10 Most simply relied on their sales agent to make an appropriate selection for them.

12 Combined Agency, Inc. sold between \$24 and \$30 million of Robin Hood International,  
13 Ltd. viatical settlement investment products from March 1999 through February 2001. At least  
14 one Combined Agency, Inc. agent, Carl Ogren, made at least two sales of Robin Hood  
15 International, Ltd. viatical settlement investment products beyond that period on which  
16 Combined Agency, Inc. received an override commission. Combined Agency, Inc. stopped  
17 selling Robin Hood International, Ltd. viatical settlement investment products in February 2001  
18 because Jeannie Cook of Robin Hood International, Ltd. told James Ady that Robin Hood  
19 International, Ltd. would be reducing the commission it paid Combined Agency, Inc. to 8%-9%  
20 from 10%. Ady did not think that he could recruit new agents if he paid them less than 8%  
21 commission.  
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1 The following Combined Agency, Inc. Washington agents received commissions for  
2 selling Robin Hood International, Ltd. viatical settlement investment products: Timothy Burke,  
3 who received \$4,587.08 in commissions representing approximately \$57,000 in such sales;  
4 Aaron Burns, who received \$6,847.38 in commissions representing approximately \$86,000 in  
5 such sales; Roy Meyers, who received \$7,139.11 in commissions representing approximately  
6 \$89,000 in such sales; Angelito Santos, who received \$7,179.32 in commissions representing  
7 approximately \$90,000 in such sales; Anthony Horpel, who received \$49,037.68 in commissions  
8 representing approximately \$613,000 in such sales; and Carl Ogren, who received \$96,757.69 in  
9 commissions representing approximately \$1.2 million in such sales.  
10

## 11 MISREPRESENTATIONS AND OMISSIONS

### 12 XVI.

13  
14 Members of the public who were offered viatical settlement investments through  
15 Combined Agency, Inc. and its agents were told that the investments were safe but paid a  
16 relatively high rate of return (10%-12% a year or more.) Combined Agency, Inc. agents made  
17 their presentations to potential purchasers using sales materials from Dedicated Resources, Robin  
18 Hood International, Ltd., and the other viatical settlement companies. James Ady, on behalf of  
19 Combined Agency, Inc. provided training for Washington agents on viatical settlement  
20 investment sales, except that he did not provide training for agents who were associated Great  
21 Northern Financial Services, Inc. Anthony Horpel did the training in viatical settlement  
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1 investment sales for the agents associated with Great Northern Financial Services, Inc. Great  
2 Northern Financial Services, Inc. had twenty representatives.

3 Many of those who purchased viatical settlements from agents for Combined Agency,  
4 Inc. were elderly and had little investment experience. Some of them invested significant  
5 portions of their liquid assets in viatical settlement investments through Combined Agency, Inc.  
6 Agents of Combined Agency, Inc. told potential purchasers that the viatical settlement  
7 investments were safe. Some potential purchasers were told that a viatical settlement investment  
8 was as safe as an investment in a certificate of deposit at a bank. Investors were not told about  
9 the effect of having to pay premiums on the policy would have on their rate of return, nor were  
10 they told that they could lose their interest in the policy if other investors with shares in the same  
11 policy did not contribute their proportionate share of the premiums. Investors were not given  
12 information on the financial condition of the viatical settlement firms for which Combined  
13 Agency, Inc. sold viatical settlement investments.  
14

15 Both Great Northern Financial Services, Inc. and Carl Ogren ran advertisements for the  
16 viatical settlement investments offered through Combined Agency, Inc. Great Northern Financial  
17 Services, Inc. ran advertisements in a Spokane newspaper. One such advertisement offered 65%  
18 total return for partial interest in a particular viatical settlement in which the insured was an 86  
19 year old female with heart disease and a life expectancy of 36-48 months. The advertisement  
20 stated that principal and interest in the investment offered were guaranteed by an insurance  
21 company, which was financially strong and highly rated. This advertisement was misleading in a  
22 number of ways. The rate of return was misleading because the advertisement did not explain  
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1 that the annual rate of return for the investment would vary depending on how long the insured  
2 lived and that the annual rate of return would be substantially less than the quoted total return.  
3 The advertisement was also misleading in stating that the named insurance company guaranteed  
4 principal and interest on the investment. In fact, the only role of the insurance company in the  
5 investment was as the issuer of the policy. Robin Hood International, Ltd. was aware that Great  
6 Northern Financial Services, Inc. was running such advertisements. About ten potential  
7 investors responded to the advertisement.  
8

9 Carl Ogren ran advertisements in Wheat Life Magazine offering a 12-month investment  
10 paying 12%, a 24-month investment paying 28%, or a 36-month investment paying 42%. The  
11 advertisements referred to these returns as total fixed return and stated that the investments were  
12 fully secured, involved no market risk, and were suitable for Individual Retirement Accounts.  
13 These advertisements were misleading in suggesting that the rate of return was fixed when, in  
14 fact, the rate of return would vary depending on the length of time the insured survived. The  
15 advertisements were also misleading in that they did not explain that if the insured lived longer  
16 than expected, the investor's return would be reduced by the cost of the insurance premiums the  
17 investor would have to pay to maintain the insurance policy. At least 87 potential investors  
18 responded to the advertisement, of whom 20-25 purchased viatical settlement investments.  
19

20 Some Washington residents who purchased viatical settlement investments from  
21 Robin Hood International, Ltd. received a document entitled Viatical Associates Memo of  
22 Understanding. This document appears to have been intended as a disclosure of risks to be  
23 signed by the investor, but was used as a receipt form. The document states that the benefits

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INTENT TO SUSPEND OR REVOKE SECURITIES  
SALESPERSON OR INVESTMENT ADVISER  
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are paid directly from the insurance company on the death of the insured, that there is no access to funds until the death of the insured, that the principal and fixed rate of return are paid directly from the insurance company, that the annual rate of return can be determined only after death so no attempt is made to project annual rates of return, and that Fewkes Management has been retained to track the condition of the viators and process claim forms upon the deaths of the viators. Despite these statements, the projected rate of return has remained a prominent part the sales pitch presented by the sales agents and both annual return and total return rates are included in Schedule A of the Agreement to Purchase interest in Life Insurance Policies provided by Robin Hood International, Ltd. Investors are not provided with the names of the viators. An investor is not in a position to determine whether premiums are being paid by the other investors who own proportionate shares of the policy in which the investor owns an interest. If the premiums on the policy are not paid, the investments of all owners of fractional interests of the policy are at risk.

Many of the viatical settlement investments purchased by Washington residents from Robin Hood International, Ltd. are beyond their predicted maturity dates. The premium reserves for those investors have been exhausted and the investors are being billed for their shares of the premium costs. In at least one case, the policy in which a Washington resident owns a fractional interest has been contested by the insurance company issuing the policy on the insured.

## XVII.

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Neither Dedicated Resources, Inc. nor Robin Hood International, Ltd. is currently registered to sell its securities in the state of Washington and neither has previously been so registered.

#### XVIII.

Neither Larry Johnson, nor Roy Meyers, nor Carl Ogren, nor Angelito Santos is currently registered as a securities salesperson or broker-dealer in the state of Washington and none of them has previously been so registered.

#### XIX.

Combined Agency, Inc. is not currently registered as a broker-dealer in the state of Washington and has not previously been so registered.

#### XX.

Great Northern Financial Services, Inc. is not currently registered as a broker-dealer in the state of Washington and has not previously been so registered.

Based upon the Tentative Findings of Fact, the following Conclusions of Law are made:

#### CONCLUSIONS OF LAW

##### I.

The offer or sale of viatical settlement investments described above constitutes the offer or sale of a security as defined in RCW 21.20.005(10) and (12).

##### II.

The offer or sale of said securities is in violation of RCW 21.20.140 because no registration for such offer or sale is on file with the Securities Administrator.

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1 III.

2 Larry Johnson, Roy Meyers, Carl Ogren, and Angelito Santos have each violated RCW  
3 21.20.040 by offering or selling said securities while not registered as a securities salesperson or  
4 broker-dealer in the state of Washington.

5 IV.

6 Combined Agency, Inc. and Great Northern Financial Services, Inc. have each violated  
7 RCW 21.20.040 by transacting business in securities while not registered as a broker-dealer in  
8 the state of Washington.

9  
10  
11 The offer or sale of said securities was made in violation of RCW 21.20.010 because  
12 purchasers and potential purchasers were misled about the safety of the securities as investments  
13 and about the rate of return of the securities.

14 **NOTICE OF INTENTION TO ORDER THE RESPONDENT TO CEASE AND DESIST**

15 Based on the above Tentative Findings of Fact and Conclusions of Law, the Securities  
16 Administrator intends to order that respondents Combined Agency, Inc.; Great Northern  
17 Financial Services, Inc.; Great Northern Financial Securities, Inc.; Ogren & Associates, Inc.;  
18 Dedicated Resources, Inc.; Robin Hood International, Ltd.; James Ady; Timothy Burke; Aaron  
19 Burns; Douglas Fry; Anthony Horpel; Larry Johnson; Roy Meyers; Carl Ogren; and Angelito  
20 Santos; their agents and employees each cease and desist from violations of RCW 21.20.010, ,  
21 and RCW 21.20.140 and that respondents Combined Agency, Inc.; Great Northern Financial  
22 Services, Inc.; Great Northern Financial Securities, Inc.; Ogren & Associates, Inc.; Dedicated  
23

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Resources, Inc.; Robin Hood International, Ltd.; James Ady; Timothy Burke; Aaron Burns; Douglas Fry; Anthony Horpel; Larry Johnson; Roy Meyers; Carl Ogren; and Angelito Santos each cease and desist from violation of RCW 21.20.040, the section of the Securities Act that requires registration of securities salespersons and broker-dealers.

**NOTICE OF INTENT TO SUSPEND OR REVOKE SECURITIES SALESPERSON  
OR INVESTMENT ADVISER REPRESENTATIVE REGISTRATION**

Pursuant to RCW 21.20.110(1), and based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that the securities salesperson registration of Respondents Timothy Burke, Douglas Fry, and Anthony Horpel, be suspended or revoked and that the investment adviser representative registration of Respondent Aaron Burns be suspended or revoked.

**NOTICE OF INENT TO SUSPEND, REVOKE, OR CONDITION BROKER-DEALER  
REGISTRATION**

Pursuant to RCW 21.20.110(1), and based upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator intends to order that the broker-dealer registration of Great Northern Financial Securities, Inc. be suspended, revoked, or conditioned based on the willful violation of the Securities Act of Washington, described above, by Timothy Burke, Douglas Fry, and Anthony Horpel, each of whom is an officer, director, or person holding a similar position for Great Northern Financial Securities, Inc.

**NOTICE OF INTENT TO IMPOSE FINES**

STATEMENT OF CHARGES AND NOTICE OF INTENTION TO ENTER ORDER TO CEASE AND DESIST; NOTICE OF INTENT TO SUSPEND OR REVOKE SECURITIES SALESPERSON OR INVESTMENT ADVISER REPRESENTATIVE REGISTRATION; NOTICE OF INTENT TO SUSPEND, REVOKE, OR CONDITION BROKER-DEALER REGISTRATION; AND NOTICE OF INTENT TO IMPOSE FINES

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Based upon the offers and sales of unregistered securities to Washington residents, by registered and unregistered broker-dealers and/or salespersons, the misrepresentations and omissions contained in those offers and sales, and upon the above Tentative Findings of Fact and Conclusions of Law, the Securities Administrator finds that one or more knowing or reckless violations of the Securities Act have occurred such that the imposition of fines is appropriate pursuant to RCW 21.20.110(3) and/or RCW 21.20.395. Therefore, the Securities Administrator intends to order that

- a. Respondent Combined Agency, Inc. be liable for and pay a fine in an amount not to exceed \$50,000.
- b. Respondent Great Northern Financial Services, Inc. be liable for and pay a fine in an amount not to exceed \$50,000.
- c. Respondent James Ady be liable for and pay a fine in an amount not to exceed \$50,000.
- d. Respondent Aaron Burns be liable for and pay a fine in an amount not to exceed \$5,000.
- e. Respondent Timothy Burke be liable for and pay a fine in an amount not to exceed \$5,000.
- f. Respondent Douglas Fry be liable for and pay a fine in an amount not to exceed \$5,000.
- g. Respondent Anthony Horpel be liable for and pay a fine in an amount not to exceed \$50,000.

- h. Respondent Larry Johnson be liable for and pay a fine in an amount not to exceed \$10,000.
- i. Respondent Roy Meyers be liable for and pay a fine in an amount not to exceed \$5,000.
- j. Respondent Carl Ogren and Ogren & Associates, Inc. be jointly and severally liable for and pay a fine in an amount not to exceed \$50,000.
- k. Respondent Angelito Santos be liable for and pay a fine in an amount not to exceed \$5,000.

### **AUTHORITY AND PROCEDURE**

This Order is entered pursuant to the provisions of RCW 21.20.110, RCW 21.20.390, and RCW 21.20.395 and is subject to the provisions of RCW 34.05. The respondents, Combined Agency, Inc.; Great Northern Financial Services, Inc.; Great Northern Financial Securities, Inc.; Ogren & Associates, Inc.; Dedicated Resources, Inc.; Robin Hood International, Ltd.; James Ady; Timothy Burke; Aaron Burns; Douglas Fry; Anthony Horpel; Larry Johnson; Roy Meyers; Carl Ogren; and Angelito Santos; may each make a written request for a hearing as set forth in the NOTICE OF OPPORTUNITY TO DEFEND AND OPPORTUNITY FOR HEARING accompanying this order.

If a respondent does not request a hearing, the Securities Administrator intends to adopt the above Tentative Findings of Fact and Conclusions of Law as final and enter a permanent cease and desist order against that respondent and impose the license suspension or revocation, condition, and/or fines described above against that respondent.

STATEMENT OF CHARGES AND NOTICE OF INTENTION TO ENTER ORDER TO CEASE AND DESIST; NOTICE OF INTENT TO SUSPEND OR REVOKE SECURITIES SALESPERSON OR INVESTMENT ADVISER REPRESENTATIVE REGISTRATION; NOTICE OF INTENT TO SUSPEND, REVOKE, OR CONDITION BROKER-DEALER REGISTRATION; AND NOTICE OF INTENT TO IMPOSE FINES

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Dated this 8 day of September, 2003



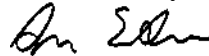
Deborah R. Bortner  
Securities Administrator

Approved by:



Michael E. Stevenson  
Chief of Enforcement

Presented by:



Suzanne Sarason  
Senior Financial Legal Examiner

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